

DATE: October 14, 2015
TO: Board of Commissioners
FROM: Patrick Quinton, Executive Director
SUBJECT: Report Number 15-61

Adopting the Broadway Corridor Framework Plan as the Guiding Document for Future Development of the United States Postal Service Site and Properties Located in the Study Area Adjacent to the Broadway Bridge in the River District Urban Renewal Area

BOARD ACTION REQUESTED

Adopt Resolution No. 7147

ACTION DESCRIPTION

This proposed action by the Portland Development Commission (PDC) Board of Commissioners (Board) will adopt the Broadway Corridor Framework Plan (Framework Plan). If adopted, the Framework Plan will guide: 1) the strategic vision for development of the broader 24-acre Broadway Corridor study area located in the River District Urban Renewal Area (URA) (see Attachment A); and 2) the preferred development concept and future master plan for the 13.5-acre United States Postal Service (USPS) Processing and Distribution Center located at 715 NW Hoyt Street (P&DC site), should PDC be successful in acquiring the property.

The objective of the Framework Plan is to provide greater certainty regarding PDC's and the City of Portland's (City) development objectives, desired public investments, and financial capacity to meet those objectives and investments, with a particular focus on the P&DC site. Affiliated initiatives underway to inform a decision of whether to acquire the P&DC site include:

- Negotiations with USPS concerning the possible acquisition by PDC of the P&DC site and the relocation of the USPS functions to an alternative location; and
- Identifying a financing approach associated with the potential acquisition and future redevelopment of the P&DC site, including the need to secure financing (Interim Bonds) from the City in addition to tax increment financing (TIF) resources from the River District URA.

PDC staff provided briefings on the Framework Plan to the PDC Board on April 8, 2015, July 16, 2015, and September 9, 2015.

BACKGROUND AND CONTEXT

The Broadway Corridor study area encompasses several PDC-owned properties, including Blocks Y and R as well as Union Station (Portland's primary multi-modal transportation hub). Historic Union Station is an active Amtrak passenger rail terminal and PDC aims to further activate the station as a gateway to the city and surrounding neighborhood. On the western half of the study area, PDC is in negotiations with the USPS to acquire its 13.5-acre P&DC site, which would be a crucial redevelopment anchor.

Acquisition and redevelopment of the P&DC site is a once-in-a-generation opportunity for PDC and the City to meet affordable housing, economic development, redevelopment, transportation, and open space goals on a large, contiguous property in the middle of downtown and adjacent to Portland's regional transit hub. The P&DC site is identified in the City's West Quadrant plan as a key opportunity site for high-density employment and signature city attractions, connecting the Old Town/Chinatown and Pearl District neighborhoods. The West Quadrant Plan, approved by Portland City Council (City Council) on March 5, 2015, calls for PDC to work on behalf of the City to "relocate the US Post Office and redevelop the site with a wide mix of urban uses including employment" and further requires a master plan as part of any redevelopment of the P&DC site.

On June 15, 2015, PDC staff and a multi-disciplinary consultant team led by Zimmer Gunsul Frasca Architects LLP kicked off work on the Framework Plan with a Stakeholder Advisory Committee (SAC) and Technical Advisory Committee (TAC). This work helped guide the development of the Framework Plan that PDC staff is requesting the PDC Board to adopt.

Development Concepts. The strategic vision and development framework for the area is informed by the following five development principles:

1. **Competitive:** Create opportunities for innovation, education, and economic growth and add a net gain of jobs in the region.
2. **Accessible:** Enhance the public realm to create vibrant community spaces to enrich the quality of life for all Portlanders.
3. **Connected:** Leverage regional assets to strengthen multimodal transportation connections and improve accessibility to and through the area.
4. **Healthy:** Develop the site so that it reflects environmentally friendly practices, opportunities for resource sharing, high-quality construction, and social responsibility.
5. **Accountable:** Create an implementable strategy that attracts private investment and delivers appropriate and equitable public benefits.

Based on the development framework and guiding principles above, the consultant team prepared five preliminary development concepts for the P&DC site that illustrated a range of development densities, scale, urban design and open space forms, and programs. The concepts were intended to be thought provoking and stimulate feedback from the advisory committees and public.

Extensive stakeholder feedback informed the preparation of three refined development concepts that were tested for financial feasibility and transportation impacts, including an assumption that 25 percent of residential development SF (SF) was reserved for affordable housing at 0 to 60 percent median family income. While the preferred development concept models 25 percent of residential SF designated for affordable housing, the Central City 2035 Plan expresses a goal for 30 percent of all new units targeting affordability at 0 to 80 percent median family income. PDC will continue to work with the Portland Housing Bureau to increase the amount of residential development SF for affordable housing to 30 percent, which may require increased outside resources or trade-offs to other public benefits. The dedication of any affordable housing development rights at the P&DC site will be in addition to compliance with the TIF Set Aside Policy for the River District URA.

A preferred development concept, including phasing, development program, density, and urban design was prepared based on this input together with the financial feasibility and transportation impact findings.

Key attributes of the preferred concept include:

- **Program Mix:** The total forecasted development is 3,800,000 gross SF and is programmed one-third commercial and two-thirds residential. Twenty-five percent of residential SF is reserved

for affordable housing. Interim reuse of the existing P&DC building and parking structure is assumed in the first phase. All parking is assumed to be above-grade to minimize risk and expense associated with environmental remediation.

- **Development Entitlement:** The preferred concept reflects an increased Floor Area Ratio from 4:1 to 7:1 and increased height in certain portions of site from 250 feet to up to 400 feet.
- **Urban Design:** The proposed public realm includes two new park blocks (65,000 SF); extension of Johnson Street and a portion of Park Avenue through the site (80-foot width, 104,000 SF); access from the Broadway Bridge into the site via extension of the Green Loop bike and pedestrian path through the site; and activation of the Broadway bridgehead, viaducts, and Union Station public space.

Since the September 9, 2015, PDC Board meeting, PDC staff has presented the preferred concept at a City Council work session on September 17, 2015, and to the Planning and Sustainability Commission on September 22, 2015. City Council posed questions regarding various financial scenarios for the City – from early defeasance of the River District URA to public benefits created to the City as a result of P&DC site build-out plus tax generation. City Council also requested further information regarding how the affordable housing modeled as part of the preferred concept aligns with the TIF Set Aside Policy and City housing goals. The Planning and Sustainability Commission’s comments focused on increasing equity language and goals in alignment with the Portland Plan, continuing to pursue conversations with Portland Public Schools regarding the potential for a new school on the site, incorporating district sustainability goals on the site, and pushing the program towards the Central City 2035 goal of 30 percent of housing units at 0 to 80 percent median family income. The preferred concept will continue to be refined at a greater level of detail during a future master plan phase if a decision is made to proceed with acquisition of the P&DC site.

Next Steps. Concurrent to this action, PDC staff anticipates the following briefings and formal approvals:

- October 14, 2015, PDC Board Meeting:
 - Requesting Portland City Council to Issue Bonds for the River District Urban Renewal Area; Pledging Revenues from the River District Urban Renewal Area to those Bonds; and Authorizing Additional Covenants (Resolution No. 7148); and
 - Requesting Portland City Council to Issue Bonds for Public Improvements in the River District Urban Renewal Area (Resolution No. 7149).
- November 5, 2015, City Council Meeting:
 - First reading for adoption of Broadway Corridor Framework Plan;
 - First reading for authorization to issue Interim and Long-Term TIF identified in PDC’s fiscal year (FY) 2015-16 Adopted Budget and Five-Year Forecast;
 - First reading for authorization of Interim Bonds secured by the City’s General Fund for priority public improvement projects in the River District URA; and
 - First reading for authorization of Intergovernmental Agreement between PDC and Office of Management and Finance (OMF) for Interim Bonds to support existing River District URA priority public infrastructure projects.
- November 18, 2015, PDC Board Meeting:
 - Authorization to execute a Purchase and Sale Agreement with the USPS for up to \$80,000,000 to acquire the P&DC site;
 - Authorization to execute an Intergovernmental Agreement with OMF for Interim Bonds to support existing River District URA priority public infrastructure projects; and
 - Approval of River District URA budget changes required to facilitate the P&DC site acquisition as part of the FY 2015-16 Revised Budget No. 1.

COMMUNITY AND PUBLIC BENEFIT

Measures of success were established to ensure the future master plan, development solicitations, and other decisions delivered appropriate public benefits and value on the site relative to the required public investment. These measures include:

- **Public Realm & Transportation**
 - Parks
 - North Park Blocks extension – 2 blocks
 - “Exchange Place” under and adjacent to Broadway ramp near Union Station
 - 20,000 SF overlook plaza at Broadway “Y”
 - 20 percent tree canopy coverage (~ 2.5 acres)
 - Pedestrian/Bike/Auto Connections
 - Multi-Modal Streets on Johnson Street and Park Avenue
 - Regional Green Loop pedestrian and bicycle connection
 - Protected bikeways on Broadway and Lovejoy Street
 - Pedestrian/local connections within and through private parcels
 - Commute Trip Goals
 - 85 percent non-single occupant vehicle (SOV) mode split (auto <15 percent, bike 25 percent, pedestrian 20 percent, transit 40 percent)
- **Sustainability**
 - Water Use: 50 percent plus reduction in potable water use
 - Energy Use: 50 percent plus reduction below American Society of Heating, Refrigerating, and Air-Conditioning Engineers standards
 - Waste: 85 percent landfill diversion
 - Transportation: 85 percent non-SOV mode split
 - Carbon Goal: Net Zero by 2030
- **Shared Prosperity**
 - Mixed-Income Community
 - One of every four residential units are affordable to low- to moderate-income households (645 units)
 - Commercial space for firms with a middle income wage or higher (\$42,000+/year)
 - Commercial space for firms owned by underrepresented populations in Portland looking to grow in the Central City
 - Contracting: 20+ percent of construction and professional services costs performed by Minority-Owned, Women-Owned, Disadvantaged, and Emerging Small Businesses
 - Job Density
 - 300+ jobs per acre, on par with or better than the Central Business District
 - 4,000 jobs in final build-out
 - Return on Public Investment
 - Private investment leverage
 - Property tax generation

PUBLIC PARTICIPATION AND FEEDBACK

The Framework Plan was developed with significant public and partner engagement. A TAC composed of partner City staff participated to provide technical information and perspective based on multiple City interests in the area. An SAC, composed of public, nonprofit, and private partners, provided community and regional insight to ensure that future development serves both the adjacent neighborhoods and broader Portland interests.

Input was also sought through a series of regional public engagement efforts, including public open houses; online and social media advertising; a series of online surveys; and one-on-one interviews conducted regionally at major public transportation stations at the Lloyd Center, Hollywood, 82nd Avenue, Gateway, 122nd Avenue, Parkrose/Sumner and Cascades, at North Portland's Overlook Park during Movie in the Park night, and at the Portland Saturday Market. These interviews aimed to capture a broader range of feedback on the project, particularly from those communities who may be underrepresented in traditional public participation forums.

Through various forums, tools, and techniques, approximately 1,000 points of engagement occurred resulting in feedback on the Framework Plan. Key themes highlighted through this process include:

- Allow more height to gain more density and absorb growth: In general, public feedback supported pursuing higher density development, including a tower at the northern end of the site and balancing denser development with public spaces that engage Union Station and the North Park Blocks.
- Provide good bicycle/pedestrian connections: Strong support was received for ensuring a "green loop" connection from the site to the Broadway ramp "Y" and maintaining accessibility through the private development parcels with bike and pedestrian pathways.
- Create visual and physical links to Union Station and activate under the Broadway Bridge: Johnson Street was highlighted as an important connection, visually and physically, between Union Station and the Pearl District parks, including Jamison Square, Tanner Springs, and Fields Park.
- Ensure new public spaces are comfortable for all Portlanders: It was emphasized that the site should serve a mixed-income community to create a safe and welcoming environment that could serve as an attraction for the broader region in addition to the immediate neighborhood.

BUDGET AND FINANCIAL INFORMATION

The cost of preparing the Framework Plan is approximately \$250,000. Funds for completing the Framework Plan and future master plan are budgeted in the FY 2015-16 River District URA Adopted Budget (see Attachment B).

The FY 2015-16 River District URA Adopted Budget and Five Year Forecast includes \$35,700,000 budgeted to support possible acquisition and redevelopment of the P&DC site.

The preliminary cost to PDC of acquiring the P&DC site is estimated not to exceed \$80,000,000. The Framework Plan findings provide a range of estimated public investment for redevelopment of the P&DC site including affordable housing, streets, and open space. A significant amount of this investment is supportable with PDC's current TIF resources and the estimated future land value of the P&DC site.

However, adding the preliminary acquisition cost of the P&DC site to the River District URA budget and five-year forecast results in an interim deficit until the P&DC site can be sold. To fund this interim gap, Resolution No. 7149, if adopted by the PDC Board, will request City Council authorization to issue Interim Bonds, secured by the City's General Fund, for priority public improvement projects in the River District URA. Since the proposed Interim Bonds would be backed by the City General Fund, proceeds from the Interim Bonds would only be used to support public infrastructure projects in the FY 2015-16 Adopted Budget and Five Year Forecast. Without the Interim Bonds, certain River District URA projects would have to be delayed until the P&DC site is sold for equal or greater value. Based on the market absorption of new development modeled as part of the Framework Plan, full land sale will not occur within the forecast five-year period. Net resources remaining from disposition of the P&DC site in excess of the amount required to retire the proposed Interim Bonds would be available to fund

additional public benefits, including subsidizing the construction of affordable housing units within the P&DC site's development rights being reserved for affordable housing.

The PDC Board was provided with an overview of this financing approach on September 9, 2015, and at the October 14, 2015, meeting will be asked to consider two actions (Resolution Nos. 7148 and 7149) to advance the proposed financing approach described above.

RISK ASSESSMENT

Adoption of the Framework Plan does not create a legal or financial commitment or risk for PDC. However, adoption of the Framework Plan does establish stakeholder expectations for the future redevelopment of the P&DC site and other publicly owned properties and will inform a future master plan in the event the PDC Board elects to proceed with acquisition of the P&DC site.

Fundamental to the USPS site transaction and redevelopment is a balance of public benefits, land value, and private redevelopment to generate sufficient value to pay for desired improvements. In order to generate sufficient return, development of the 13.5-acre P&DC site is projected to have to provide almost 4,000,000 SF of floor space, a floor area ratio (FAR) approaching 7:1. The site is currently entitled with a FAR of 4:1. The West Quadrant Plan recommended an increase in maximum height to 250 feet, and as currently modelled, certain portions of the site may seek to exceed this limit. The Bureau of Planning & Sustainability will seek approval of the Central City 2035 Plan in mid-2016, including potential adjustments to development entitlements and master plan provisions for the USPS site. Completion and approval of the master plan will be required prior to redevelopment of the P&DC site at an increased development density.

ALTERNATIVE ACTIONS

The PDC Board may direct PDC staff to explore additional recommendations and/or may elect to not adopt the Framework Plan.

ATTACHMENTS

- A. Broadway Corridor Framework Plan Study Area
- B. URA Financial Summary

**Broadway Corridor Framework Plan
Study Area**



River District URA Financial Summary

Five-Year Forecast Program Requirements Detail

| | Revised- 3 FY 2014-15 | Adopted FY 2015-16 | Forecast FY 2016-17 | Forecast FY 2017-18 | Forecast FY 2018-19 | Forecast FY 2019-20 |
|-------------------------------------------|--------------------------|-----------------------|------------------------|------------------------|------------------------|------------------------|
| River District URA | | | | | | |
| Resources | | | | | | |
| Beginning Fund Balance | 49,258,181 | 37,846,177 | 16,489,814 | 5,850,288 | 1,782,873 | 265,476 |
| Fees and Charges | 16,900 | 6,000 | 1,324 | 2,937 | 2,110 | 2,110 |
| Interest on Investments | 200,000 | 200,000 | 150,000 | 50,000 | 25,000 | 5,000 |
| Intergovernmental Revenues | 1,983,620 | 1,983,620 | 0 | 0 | 0 | 0 |
| Loan Collections | 14,664,000 | 5,211,777 | 704,564 | 1,214,497 | 940,948 | 4,516,616 |
| Long Term Debt | 0 | 21,000,000 | 21,066,380 | 9,000,000 | 2,900,000 | 0 |
| Property Income | 2,769,168 | 2,672,865 | 11,945,115 | 2,470,115 | 6,116,995 | 2,466,015 |
| Reimbursements | 918,311 | 0 | 0 | 0 | 0 | 0 |
| Short Term Debt | 20,472,169 | 19,948,515 | 12,542,954 | 16,575,087 | 17,437,825 | 18,543,087 |
| Total Resources | 90,282,349 | 88,868,954 | 62,900,151 | 35,162,924 | 29,205,751 | 25,798,304 |
| Requirements | | | | | | |
| Program Expenditures | | | | | | |
| Administration | | | | | | |
| Financial Administration | | | | | | |
| A45101330 Debt Management-RVD | 71,055 | 71,055 | 65,000 | 65,000 | 65,000 | 65,000 |
| Total Administration | 71,055 | 71,055 | 65,000 | 65,000 | 65,000 | 65,000 |
| Business Development | | | | | | |
| Business Lending | | | | | | |
| L00210330 BL -General-RIV | 50,000 | 500,100 | 500,100 | 500,100 | 500,100 | 500,100 |
| Small Business & Community Dev | | | | | | |
| B55005330 OT/CT Action Plan-RVD | 155,000 | 145,000 | 125,000 | 0 | 0 | 0 |
| Traded Sector Business Dev | | | | | | |
| B15100330 Cluster Development-RVD | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 0 |
| Total Business Development | 255,000 | 695,100 | 675,100 | 550,100 | 550,100 | 500,100 |
| Housing | | | | | | |
| PHB Housing | | | | | | |
| H15900330 PHB Staff & Admin-RVD | 858,960 | 0 | 0 | 0 | 0 | 0 |
| H15931330 Block 26-RVD | 1,402,138 | 0 | 0 | 0 | 0 | 0 |
| H15930330 Fairfield Apartments-RVD | 46,738 | 0 | 0 | 0 | 0 | 0 |
| H15430330 Affordable Rental Hsg-RVD | 0 | 12,455,583 | 8,369,756 | 3,253,533 | 2,428,468 | 0 |
| H15136330 Erickson-Fritz-RVD | 2,804,275 | 0 | 0 | 0 | 0 | 0 |
| H15137330 The Abigail-RVD | 9,254,109 | 0 | 0 | 0 | 0 | 0 |
| Total Housing | 14,366,220 | 12,455,583 | 8,369,756 | 3,253,533 | 2,428,468 | 0 |
| Infrastructure | | | | | | |
| Parks | | | | | | |
| N33011915 Nbrhd Prk(The Fields)-RVD-Adm | 9,170 | 400,000 | 0 | 0 | 0 | 0 |
| Public Facilities | | | | | | |
| N33022015 Union Station Grant-RVD-Adm | 2,461,889 | 2,461,889 | 3,500,500 | 0 | 0 | 0 |
| Transportation | | | | | | |
| N33033415 Pearl District Cir-RVD-Adm | 1,841,465 | 0 | 0 | 0 | 0 | 0 |
| Total Infrastructure | 4,312,524 | 2,861,889 | 3,500,500 | 0 | 0 | 0 |
| Property Redevelopment | | | | | | |
| Commercial Property Redevelopm | | | | | | |
| P33050215 4th and Burnside-RVD | 1,559,862 | 0 | 0 | 0 | 0 | 0 |
| A45997330 Superfund-RVD | 25,000 | 0 | 0 | 0 | 0 | 0 |
| P33050015 Post Office-RVD-Adm | 250,000 | 1,700,000 | 10,000,000 | 10,000,000 | 14,000,000 | 0 |
| P33050315 Broadway Corridor-RVD | 65,000 | 310,000 | 125,000 | 0 | 0 | 0 |
| P33060545 Station Place Prkng-RVD-Adm | 278,165 | 351,106 | 271,106 | 271,106 | 271,106 | 271,106 |

Five-Year Forecast Program Requirements Detail

| | Revised-3 FY 2014-15 | Adopted FY 2015-16 | Forecast FY 2016-17 | Forecast FY 2017-18 | Forecast FY 2018-19 | Forecast FY 2019-20 |
|-----------------------------------------|-------------------------|-----------------------|------------------------|------------------------|------------------------|------------------------|
| P33092015 Real Estate Mgmt-RVD-Adm | 8,069 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| P33060815 Old Fire Station Mgmt-RVD-Adm | 80,086 | 17,747 | 0 | 0 | 0 | 0 |
| P33050115 Dtn Retail Strat-RVD-Adm | 30,000 | 30,000 | 30,000 | 0 | 0 | 0 |
| P33060615 Block R-RVD-Adm | 10,550 | 8,750 | 8,750 | 8,750 | 8,750 | 0 |
| P33060525 Station Place Lot 5-RVD-Adm | 21,300 | 204,000 | 4,000 | 0 | 0 | 0 |
| P33060415 Centennial Mills-RVD-Adm | 3,883,713 | 5,536,355 | 12,766,287 | 0 | 0 | 0 |
| P33060315 Grove Hotel-RVD-Adm | 43,037 | 41,037 | 0 | 0 | 0 | 0 |
| P33052115 10th & Yamhill Redev-RVD-Adm | 50,000 | 3,250,000 | 1,750,000 | 0 | 0 | 0 |
| P33060115 Block Y-RVD-Adm | 48,404 | 45,100 | 45,100 | 45,100 | 45,100 | 45,100 |
| P33055115 Multnomah County-PDV-Adm | 0 | 16,948,460 | 0 | 0 | 0 | 0 |
| P33054315 RD Enviro Reimb-RVD | 1,000 | 0 | 0 | 0 | 0 | 0 |
| P33060715 One Waterfront North-RVD-Adm | 16,083 | 7,187 | 7,187 | 0 | 0 | 0 |
| P33052815 PNCA Contract-RVD | 9,049 | 0 | 0 | 0 | 0 | 0 |
| P33052715 PNCA-RVD-Adm | 7,907 | 0 | 0 | 0 | 0 | 0 |
| P33052215 CC 2035-RVD-Adm | 175,990 | 0 | 0 | 0 | 0 | 0 |
| P33060215 Union Station-RVD-Adm | 1,541,484 | 1,156,747 | 1,156,747 | 1,156,747 | 1,156,747 | 1,156,747 |
| Commercial Real Estate Lending | | | | | | |
| R01100330 CPRL-General-RVD | 18,220,000 | 20,452,000 | 12,002,000 | 11,002,000 | 3,002,000 | 2,002,000 |
| Community Redevelopment Grants | | | | | | |
| G02100330 DOS-General-RVD | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |
| G03100330 SIP-General-RVD | 308,000 | 300,000 | 300,000 | 300,000 | 300,000 | 300,000 |
| G04100330 GFGP-General-RVD | 0 | 25,000 | 0 | 0 | 0 | 0 |
| G01100330 CLG-General-RVD | 138,000 | 100,000 | 100,000 | 100,000 | 100,000 | 0 |
| Total Property Redevelopment | 26,870,499 | 50,585,489 | 38,668,177 | 22,985,703 | 18,985,703 | 3,876,953 |
| Total Program Expenditures | 45,875,298 | 66,669,116 | 51,278,533 | 26,854,336 | 22,029,271 | 4,442,053 |
| Personal Services | 532,505 | 624,464 | 595,584 | 625,363 | 656,632 | 689,463 |
| Transfers - Indirect | 6,028,370 | 5,085,559 | 5,175,747 | 5,900,352 | 6,254,373 | 6,066,742 |
| Total Fund Expenditures | 62,436,173 | 72,379,139 | 57,049,864 | 33,380,051 | 28,940,276 | 11,198,258 |
| Contingency | 37,846,176 | 16,489,815 | 5,850,287 | 1,782,873 | 265,475 | 14,600,046 |
| Ending Fund Balance | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Requirements | 90,282,349 | 88,868,954 | 62,900,151 | 35,162,924 | 29,205,751 | 25,798,304 |